



Department of Justice

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JUSTICE DEPARTMENT ANNOUNCES TENTATIVE AGREEMENT TO MODIFY NEXTEL/MOTOROLA CONSENT DECREE

WASHINGTON, D.C. -- The Justice Department announced today that it has tentatively agreed to modify a consent decree that restricts the number of channels of 900 MHz frequencies that may be controlled by Nextel Communications, Inc. (Nextel) and Motorola, Inc. The proposed modification, if approved by the court, would bar Nextel from acquiring a large block of spectrum that will be sold in the bankruptcy proceedings of Geotek Communications, Inc., while also permitting Nextel and Motorola to increase their collective holdings of spectrum.

The 1995 consent decree resolved an antitrust case brought by the Justice Department alleging that the merger of Nextel's and Motorola's dispatch service business would have reduced competition. Dispatch service is "push-to-talk" two-way radio service that allows mobile units, like taxicabs, to communicate with each other as a group.

The decree allowed the merger to proceed while limiting the companies' holdings of 900 MHz spectrum to 30 channels in 12 cities, and to 10 channels in Detroit and Seattle. Those limits were intended to provide opportunities for competing providers of dispatch services to acquire spectrum that would allow them to compete against Nextel in the dispatch market.

In February of this year, Nextel filed a motion requesting the immediate termination of the consent decree, which it sought so that it could acquire the Geotek licenses and other 900 MHz spectrum. The Justice Department opposed Nextel's motion, after finding that, if the decree were to remain in effect, the Geotek licenses would likely be acquired and used by a new

competitor in the dispatch business. An evidentiary hearing on Nextel's motion was scheduled to begin today in the federal district court for the District of Columbia.

While barring Nextel from acquiring the 900 MHz licenses held by Geotek, the proposed modification would allow Nextel and Motorola, collectively, to hold or acquire up to 108 channels of 900 MHz spectrum in 12 cities, and up to 54 channels of 900 MHz spectrum in Seattle and Detroit. The new limits reflected in the proposed modification, as well as the other restrictions in the consent decree, would expire on October 31, 2000.

"The interim restrictions contained in the proposed modification were needed to preserve opportunities for competition in dispatch services in the short term," said Joel I. Klein, Assistant Attorney General in charge of the Department's Antitrust Division.

The Department stated that termination of the decree in October 2000 appears to be appropriate in light of expected entry into the dispatch business in the future by firms using spectrum in the 220 MHz frequency band and by cellular or PCS providers. The restrictions prohibiting Nextel's acquisition of the Geotek licenses and limiting its control of 900 MHz spectrum to 108 channels in most cities will increase the likelihood of competition in the near term, which is most likely to develop using the 900 MHz licenses being sold by Geotek. By increasing the cap on 900 MHz channels from 30 to 108 channels in most cities, the modification also would permit Nextel to expand its capacity to provide mobile telephone services, as well as dispatch services, using the additional 900 MHz spectrum.

A notice of Nextel's motion to modify the consent decree and the Department's tentative consent to the modification will be published in the Federal Register. Any person may comment on the proposed modification by submitting comments to Donald J. Russell, Chief, Telecommunications Task Force, Antitrust Division, United States Department of Justice,

1401 H Street, NW, Suite 8000, Washington, DC 20530. After conclusion of a 30-day period for public comment, the United States will within 30 days file with the Court copies of any comments that it receives and its response to those comments.

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